


COMMONWEALTH OF PENNSYLVANIA



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September 17, 2020

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
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Harrisburg, PA 17120

Re: Petition of PPL Electric Utilities Corporation for  
Approval of a Default Service Program for the  
Period of June 1, 2021 through May 31, 2025  
Docket No. P-2020-3019356

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Reply Brief in the above-referenced proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ David T. Evrard

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Certificate of Service

\*296275

## CERTIFICATE OF SERVICE

Re: Petition of PPL Electric Utilities Corporation for :  
Approval of a Default Service Program for the : Docket No. P-2020-3019356  
Period of June 1, 2021 through May 31, 2025 :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Reply Brief, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 17<sup>th</sup> day of September 2020.

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation for :  
Approval of a Default Service Program for the : Docket No. P-2020-3019356  
Period of June 1, 2021 through May 31, 2025 :

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REPLY BRIEF  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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## TABLE OF CONTENTS

I. INTRODUCTION.....	1
II. CAP SHOPPING.....	2
A. PPL CAP Shopping Background and DSP V Proposal.....	2
B. OCA’s Position on PPL’s DSP V Proposal.....	4
C. PPL’s Position and OCA’s Response.....	6
D. EGS Arguments and OCA Response.....	7
E. Conclusion.....	10
III. STANDARD OFFER PROGRAM (SOP).....	11
A. PPL SOP Background and DSP V Proposal.....	11
B. OCA’s Position on PPL’s Proposals.....	13
C. EGS Opposition to PPL’s Proposals and OCA Response.....	14
D. Conclusion.....	16
IV. CONCLUSION.....	17

**TABLE OF AUTHORITIES**

	<b>Page(s)</b>
<b>Other Authorities</b>	
52 Pa. Code §54.10 .....	11, 14
<u>Final Order</u> , Docket No. 2016-2526627 .....	4
<u>Proposed Policy Statement Order</u> , Docket No. M-2018-3006578 .....	9

## I. INTRODUCTION

This proceeding involves the Petition of PPL Electric Utilities Corporation (PPL or Company) for Approval of its Fifth Default Service and Procurement Plan (DSP V) intended to establish the terms and conditions by which the Company will acquire and provide service to its non-shopping customers for the period beginning June 1, 2021 through May 31, 2025. PPL's Petition was filed with the Public Utility Commission (Commission) on March 25, 2020. Pursuant to the procedural schedule adopted for this case, the OCA and other parties filed Main (or Initial) Briefs on September 3, 2020. In its brief, the OCA addressed two of the issues that were reserved for litigation under the Partial Settlement that was achieved in this case. Those issues were: (1) PPL's proposals with respect to its Standard Offer Program (SOP); and (2) the Company's proposals with respect to shopping for generation service by customers who participate in the PPL's Customer Assistance Program (CAP). In its Brief, the OCA expressed support for PPL's proposals in both of these areas, but recommended certain modifications to the PPL proposal regarding CAP customer shopping. The OCA's modifications were intended to ensure that the CAP program remains accessible to low-income customers by not barring participation to those who may be in a preexisting contract with an Electric Generation Supplier (EGS) or whose preexisting contract may impose cancellation or termination fees.

In its Main Brief, PPL opposed the CAP shopping modifications recommended by the OCA. In this Reply Brief, the OCA will respond to PPL's points in opposition as well as to the arguments made by the EGSs in opposition to PPL's CAP shopping proposals.

Likewise, the OCA will respond to the arguments of the EGSs in opposition to PPL's proposals regarding the operation of its SOP.

## II. CAP SHOPPING

### A. PPL CAP Shopping Background and DSP V Proposal

As explained in the OCA's Main Brief, PPL's current CAP shopping program is known as CAP SOP. It was initiated as part of PPL's last Default Service proceeding, DSP IV. The CAP SOP is a version of its regular SOP that is available only to its customers participating in CAP. Under the program, EGSs interested in participating in CAP SOP agree to enroll CAP customers at a 7% discount to the Price to Compare (PTC) at the time of enrollment. The rate remains fixed for twelve months, but customers are permitted to terminate the contract at any time without incurring termination or cancellation fees. At the end of the contract term, CAP SOP customers must be returned to the CAP SOP pool and re-enrolled in a new CAP SOP contract with a 7% discount off the then current PTC unless the customer has requested to be returned to default service or is no longer in CAP. PPL St. 3 at 7.

Based on the Company's analysis of CAP customer shopping, as of January 2020, there were nearly 8,000 CAP customers who had contracts with EGSs. The Company states that these customers entered their EGS contracts prior to participating in the CAP program. PPL St. 3 at 8-9. According to the terms of the CAP SOP, customers enrolled with an EGS prior to entering CAP, are allowed to remain with their existing supplier until the end of the contract term. Id. at 9.

According to PPL, the majority of CAP customers with existing EGS contracts have paid higher rates than non-shopping customers. As PPL witness Melinda Stumpf testified, "customers who shopped prior to enrolling in [CAP], continue to pay significantly higher prices than the PTC." Id.

The Company further analyzed the billing data of CAP shopping customers back to 2013 and found that after netting out the savings experienced by customers whose prices were below



the PTC against the amounts paid by customers whose prices exceeded the PTC for the period 2013 through January 2020, the costs exceeded the savings by more than \$30 million. PPL St. 3 at

12. Id. These results led PPL witness Stumpf to testify as follows:

**Q. Does the CAP SOP sufficiently protect low-income customers from paying a rate that is higher than the PTC?**

A. No. What we have discovered is that CAP SOP in its current form only protects CAP customers from in-program shopping. CAP SOP does not protect customers who were shopping before entering OnTrack [CAP]. The data that we have gathered demonstrates that there are a significant number of customers engaging in pre-program shopping who are paying costs above the PTC. This is highlighted in Tables 2, 3, 4 and MS-1, all which show OnTrack customer shopping while the CAP SOP was inactive, with more than 60% of those customers paying rates above the PTC, resulting in average net annual costs in 2018 and 2019 of over \$3.5 million. Effectively, pre-program shoppers are suffering the same harm as they would have been before CAP SOP was implemented.

PPL St. 3 at 13 (footnote omitted).

Given this history, PPL proposes in DSP V to eliminate CAP SOP and require that all CAP customers receive default service. Thus, beginning June 1, 2021, CAP customers will be required to remain, or be placed, on default service prior to enrolling in CAP. PPL Petition ¶ 108; PPL St. 3 at 15. For a customer who qualifies for CAP but who is being served by an EGS, during the CAP intake process, the customer will be notified that to enroll in CAP they will have to cancel their supplier contract within two weeks of learning that they are CAP-eligible. The customer will also be told to inquire about early termination fees when they contact the supplier. Once the supplier contract has been canceled, the customer will automatically be enrolled in CAP. If the customer chooses to remain with the supplier, they will be denied entry into CAP but told that they may reapply when they no longer are under contract with an EGS. PPL St. 3 at 16. With respect to early termination fees, PPL witness Stumpf states that it is ultimately the customer's decision whether to: (1) cancel the contract

and incur the fees, if any, and enroll in CAP; or (2) avoid the fees by remaining in the contract but being denied entry into CAP. According to Ms. Stumpf, the customer will at least have an understanding of the benefits and costs of the decision and be able to make an informed choice whether to cancel the contract to enroll in CAP. Id.

B. OCA's Position on PPL's DSP V Proposal

As explained in its Main Brief, the OCA generally supports PPL's proposal regarding CAP shopping in DSP V. It is a reasonable means of ensuring the protections the Commission has recognized as essential for CAP customers and the residential class of customers in general. It represents the easiest and least costly approach to make certain that CAP customers are not harmed by EGS contracts that are more expensive than the PTC approved by the Commission for default service. OCA M.B. at 6.

Despite this overall agreement with PPL's proposal, however, there are aspects of it that concern the OCA. For one, the OCA is concerned with the Company's requirement that prospective CAP enrollees with an existing EGS contract would be denied entry into CAP if they do not cancel the EGS contract. The OCA is also concerned about prospective CAP participants being subject to termination or cancellation fees to exit their existing EGS contract in order to enroll in CAP.

Regarding the requirement that prospective CAP enrollees with existing EGS contracts be required to cancel those contracts as a condition of entry into CAP, OCA witness Alexander presented an alternative which is grounded in the Commission's PPL CAP SOP Final Order from February 2018.<sup>1</sup> Ms. Alexander stated:

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<sup>1</sup> Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2017 through May 31, 2021, Final Order, Docket No. 2016-2526627 (order entered February 9, 2018).

PPL should not implement its proposal to remove customers from CAP or deny the CAP program to customers who have not affirmatively terminated their EGS contracts. Rather, PPL should follow the directives that were ordered by the Commission to resolve this same concern in its CAP SOP Implementation Order. In that Order, the Commission allowed customers on a fixed-duration contract to remain with the supplier until the expiration date of the contract or when the contract is terminated for any reason, whichever comes first, and required the supplier to return the customer to default service. Customers with a month-to-month contract must be dropped by the supplier to default service within 120 days after the customer is enrolled in CAP. PPL should communicate with these customers and inform them of their right to return to default service even sooner. These policies appropriately shift the burden to the supplier to return the CAP customer to default service.

OCA St. 2 at 4-5 (footnote omitted). In Surrebuttal testimony, Ms. Alexander further recommended that PPL seek a Commission order, if necessary, providing that upon entering CAP, a customer's existing supplier contract will be dropped within a reasonable time. OCA St. 2-S at 7.

Regarding the matter of prospective CAP enrollees being subject to cancellation or termination fees in order to enter CAP and PPL's proposal that the customer should be informed about such fees in order to make determination whether to incur them, OCA witness Alexander expressed concern that warning low-income customers of the potential for such fees could discourage them from participating in CAP and result in the customer incurring higher costs outside of CAP that would outweigh the one-time early termination fee. OCA St. 2-S at 7. Instead, the OCA, in its Main Brief, expressed support for CAUSE-PA's proposal that PPL's CAP rules should be amended to bar suppliers from charging any early termination or cancellation fee to CAP customers who return to default service upon entry into CAP. OCA M.B. at 8. CAUSE-PA argued that without this added protection from termination and cancellation fees, economically vulnerable customers who have already evidenced an inability to pay will – in essence - be charged an upfront fee to access critical rate assistance through CAP. CAUSE-PA states that such an outcome is

contrary to the statutory obligation for the Commission to ensure that universal service programs – including CAP – are accessible to those in need. CAUSE-PA St. 1 at 29-30.

C. PPL's Position and OCA's Response

In its Main Brief, PPL urges that the OCA's modifications not be adopted. PPL M.B. at 37-38. In particular, PPL objects to the OCA's recommendation that the Company allow customers to enter CAP if they have an existing EGS contract and that they be allowed to remain on the contract until it expires or is terminated at which time the supplier should be required to return the customer to default service.

The Company also opposes another aspect of the OCA's recommendation, that suppliers with customers on month-to-month contracts must return a customer to default service, without penalty, within 120 days of the customer's enrollment in CAP.

In both cases, whether for a fixed-term contract or a month-to-month contract, PPL points out that it is not privy to the details of these pre-existing supplier contracts and therefore does not know when a contract ends (if for a fixed term) or whether a contract is month-to-month and that there is no way that PPL can proactively monitor every contract that was entered into prior to the customer entering CAP. PPL is also concerned for the above-PTC prices these CAP participants would be paying during the time before their existing contract expires or is terminated or during the up to 120 day period before being returned to default service under a month-to-month contract.

The OCA's recommendations are the same as those ordered by the Commission in resolution of similar issues raised in DSP IV in connection with the current CAP SOP program. Perhaps not ideal from PPL's vantage point, they nevertheless have the Commission's imprimatur and represent a reasonable balancing of interests among the parties with a stake in CAP shopping.

Further, while the OCA shares PPL's concern for the above-PTC prices paid by CAP customers during their transition period from a supplier contract to default service, this period is not indefinite. It will come to an end. In the interim, economically vulnerable customers will not be deprived of the protections of the CAP program. As OCA witness Alexander testified:

Rather, PPL should take actions to ensure... that customers qualified for the program are enrolled unless the customer affirmatively communicates the choice to remain with the supplier contract and decline the low income program benefits. In every case, PPL should take action to presume that the customer's enrollment with CAP should take primacy over the supplier's contract.

OCA St. 2-S at 6.

The OCA has also expressed concern for the cancellation or termination fees that customers may be subject to under PPL's proposal. OCA M.B. at 8. PPL argues that it cannot waive the termination fee for non-CAP SOP shopping contracts because it has no authority over the terms of contracts that are not part of CAP SOP. However, the Commission does have the authority to set the rules for PPL's CAP program going forward in DSP V and, as mentioned above, the OCA supports the position of CAUSE-PA that PPL's CAP rules should be amended to prohibit suppliers from charging any early termination or cancellation fee to CAP customers who return to default service upon entry into CAP. The OCA urges PPL and the Commission to explore the legal options by which such a rule might be imposed.

D. EGS Arguments and OCA Response

In its Main Brief, Inspire Energy, the only EGS currently participating in the CAP SOP, argues that the CAP SOP should be retained. In support of the program, Inspire makes, among others, a couple of points to which the OCA must respond. First, Inspire argues the CAP SOP provides benefits to its participants. Specifically, it notes, that at the time of enrollment the bills of participants are 7% less than the then applicable PTC. Inspire then asserts that, historically, the

initial contract rate has continued to provide savings off the then effective PTC even when the PTC changes during the twelve month term of the CAP SOP contract and cites statistics from recent periods that purport to bear this out. While this may be true for any given period of time, it is not a certainty that this will remain the case always. The level of savings a customer experiences under the CAP SOP depends on subsequent movement in the PTC after enrollment and a decline in the PTC, depending on magnitude, could cause the savings to evaporate. As OCA witness Alexander explained, there are no guaranteed savings under the CAP SOP. In response to Inspire witness Mr. Jacobs-Smith's mention, in testimony, of a "guaranteed 7% discount" under CAP SOP, OCA witness Alexander testified:

Mr. Jacobs-Smith alleges that the SOP provides "savings" to CAP customers and should continue. He refers to this program as offering a "guaranteed 7% discount." However, he is incorrect in his description of this program since the customer is not guaranteed savings and the fixed price may be higher or lower than the PTC over the 12-month SOP contract term. The CAP customers who enrolled with Inspire have experienced the up and down nature of the "savings." CAP customers who enrolled with Inspire prior to June 2020 are currently receiving a discount of 2.55% below PPL's current PTC. Regardless of whether PPL is required to develop a CAP Shopping Program, the current CAP-SOP does not conform to the Commission's policies and must be substantially reformed or eliminated.

OCA St. 2-R [CORRECTED] at 6. The reference to "the Commission's policies" in the final sentence of this quotation is to the Commission's Proposed Policy Statement on CAP Shopping (CAP Shopping Policy Statement or Policy Statement), issued in February 2019.<sup>2</sup> In that Statement, the Commission proposed as a requirement that a CAP shopping product always have a rate that is at or below the EDC's PTC over the duration of the contract between the EGS and the CAP participant. As explained by Ms. Alexander, the CAP SOP cannot meet this criterion.

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<sup>2</sup> Electric Distribution Company Default Service Plans – Customer Assistance Program (CAP) Shopping, Proposed Policy Statement Order. Docket No. M-2018-3006578 (order entered February 28, 2019)

Inspire also contends in its Brief that the CAP SOP is in its infancy, that while approved for implementation beginning June 1, 2017, there was uncertainty over the program's legality and the transition of EGS customers to default service upon enrollment in CAP that was not resolved until the Spring of 2018. Inspire M.B. at 11. Inspire argues that CAP SOP should be given more time to demonstrate that it can work.

In response, the OCA would note that according to the statistics presented by PPL in this case, during the years 2018 and 2019 and continuing into January of 2020, the percentage of CAP shopping customers paying prices in excess of PPL's PTC exceeded 60%. PPL St. 3 at 11. During the time that the CAP SOP has been in place, there has been little abatement to the harm caused to CAP shopping customers and to the residential customer class in general that bears the cost of the CAP program. As a result, the CAP SOP should be eliminated.

EGS Parties also oppose PPL's proposal to eliminate the CAP SOP and require that CAP participants receive their generation service through default service. The EGS Parties Main Brief refers to testimony by their witness Mr. Kallaher in which he makes recommendations to improve supplier participation in the CAP SOP. EGS Parties M.B. at 10. Among the recommendations is a proposal that EGSs be allowed to retain CAP SOP customers at the end of their initial twelve month term as long as they agree to serve the customer at or below the current PTC rate. Apart from the obvious ambiguity of the reference to "the current PTC rate," OCA witness Alexander commented on this proposal in her Rebuttal Testimony:

With regard to CAP customers, [Mr. Kallaher's] recommendation *does* appear to conform to the Guidelines proposed by the Commission. However, it is not clear whether Mr. Kallaher recognizes that the current SOP does not conform to the CAP shopping guidelines since the 7% discount is not "permanent" and the actual rate in the SOP contract can be higher or lower than the PTC over the 12-months. Therefore, the SOP as currently constructed carries the risk that the CAP customer could pay more than the PTC in subsequent months. That feature is not

acceptable for CAP customers.

OCA St. 2-R [CORRECTED] at 5 (emphasis supplied).

EGS Parties also cite to the proposed CAP Shopping Policy Statement and state that the Commission's intent is clear that there be a functioning program for CAP customers to be able to shop and that if an EDC chooses to deviate from that intention, they must have a good reason for doing so. EGS Parties' M.B. at 9-10. The actual language from the Policy Statement is as follows:

If any party believes that it can show through a default service plan proceeding that there is a reasonable alternative to the Commission's proposed CAP shopping guidelines that will not result in harm to either CAP participants or non-CAP participants, they are encouraged to propose such a model.

CAP Shopping Policy Statement at 6-7. The OCA submits that PPL has proposed just such a reasonable alternative in this proceeding, or using the words of the EGS Parties, has provided a "good reason" for deviating from the Policy Statements guidelines. Based on its study of CAP shopping in its territory, PPL has put forth compelling evidence of the harm being caused to CAP participants, and to the residential class of customers in general who pay for CAP, by CAP shopping. PPL's proposed alternative will substantially eliminate this harm.

EGS Parties criticize PPL for failing to explore the possibility of modifying its existing CAP program to make it more likely that EGSs would participate. Instead, EGS Parties assert that PPL chose to prohibit CAP customers from shopping and remaining in the CAP program. EGS Parties contend that this approach effectively deprives all CAP customers of the right to choose a competitive supplier. EGS Parties' M.B. at 12. The OCA submits that under PPL's proposal, CAP customers are not foreclosed from shopping with an EGS. They are free to do so, but if they so choose, they must do so outside of CAP. PPL M.B. at 33.

E. Conclusion

The OCA continues to strongly support the elimination of the CAP SOP and also supports



the proposal to require CAP customers to be served under default service. Notwithstanding the arguments in opposition raised by PPL in its Main Brief, the OCA continues to recommend that PPL not deny eligible low-income customers entry into CAP if they do not cancel a pre-existing shopping contract and that PPL be required to investigate how it might be possible for shopping customers entering CAP to be relieved of any cancellation or termination fees associated with their shopping contract. The arguments made by Inspire and the EGS Parties in opposition to PPL's proposal do not overcome the very strong case made by PPL, and they should be rejected.

### III. STANDARD OFFER PROGRAM (SOP)

#### A. PPL SOP Background and DSP V Proposal

PPL's SOP is available to residential customers, excluding CAP customers, and small commercial and industrial customers with a peak demand below 25 kW. PPL St. 4 at 2. The SOP provides participants a 7% discount from the PTC at the time of enrollment and the SOP contract remains in effect for a twelve-month period. The customer's SOP contract is with an EGS that has elected to participate in the SOP program. A customer may terminate an SOP contract at any time without penalty and then re-enroll in SOP with a new rate, select another EGS or return to default service. Id. at 3.

Commission regulations applicable to EGSs, require that when an SOP customer's contract nears the end of its twelve-month term, the EGS must notify the customer of the contract's impending expiration along with the terms and conditions of a new post-SOP contract with that supplier.<sup>3</sup> The customer then has the option to renew with the existing supplier, enter a contract with another supplier or return to default service. Unless the customer affirmatively elects to

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<sup>3</sup> See 52 Pa. Code §54.10

change suppliers or return to default service, the customer is automatically enrolled in a new month-to-month contract with their existing supplier at a new rate. PPL St. 4 at 7-8.

As covered in the Main Briefs of PPL, OCA and CAUSE-PA, PPL conducted an analysis of customers who “rolled off” their SOP contracts between 2015 and 2019. The review examined customers’ decisions for the four months following the expiration of their SOP contract. PPL St. 4 at 8-12. In its Brief, PPL states that “the data demonstrated a substantial concern about the rates being paid by customers who remained with their SOP EGS after the conclusion of the SOP contract.” PPL M.B. at 15. In particular, PPL’s data demonstrated that 93% of residential customers who remained with their SOP EGS after the conclusion of their SOP contract are paying a rate at or above the PTC in the first month after their SOP contracts ended, with over 50% of those customers paying at least 25% above the PTC, and more than 80% paying at least 10% over the PTC. By the fourth month after conclusion of their SOP contract, 94% of those customers still with their SOP EGS are paying rates above the PTC, with more than 89% paying 10% or more above the PTC. PPL M.B. at 16.

PPL witness Michelle LaWall-Schmidt summarized the findings of PPL’s analysis as follows:

PPL Electric finds that most customers who remain with their SOP supplier upon the conclusion of their SOP contract end up paying significantly more than the currently effective PTC. PPL Electric is concerned that this is occurring simply because the customers are taking no action in response to the notice that their contract is expiring.

PPL St. 4 at 12.

To address the problem of customer inaction at the expiration of their SOP contract and the high prices that result from that inaction, PPL has proposed two changes to the SOP for DSP V: (1) the Company will educate SOP customers of their options prior to the

conclusion of their SOP contract; and (2) the Company will automatically transfer SOP customers to default service upon expiration of their SOP contract.<sup>4</sup>

Regarding SOP customer education, PPL proposes a two-step communications process. First, three months prior to the expiration of a SOP contract, the Company will communicate with a customer, informing them of their options upon completion of the SOP contract. PPL St. 4 at 14. The second step of the communication process will occur thirty days before SOP contract expiration when PPL will notify the customer that upon contract expiration, they will be transferred to default service. Id.

PPL's objective in having SOP customers returned to default service at the conclusion of their contract is to prevent a situation in which a customer's inaction leads to him or her being placed on a new contract with their existing EGS at a higher rate than the customer is accustomed to paying. PPL St. 4 at 13.

#### B. OCA's Position on PPL's Proposals

The OCA is strongly supportive of the SOP changes proposed by PPL. OCA witness Alexander testified:

PPL's analysis of the prices paid by SOP customers after the 12-month SOP contract documents that the renewal process implemented by suppliers typically results in significant harm to SOP customers in the form of higher prices that vastly exceed the PTC. I recommend that PPL's proposal to require that customers who enter SOP contracts should automatically be returned to default service unless the customer affirmatively enrolls with a supplier ... be adopted. Once returned to default service, the customer can then re-enroll in the SOP, remain with default service, or sign up with any supplier. PPL's proposal includes customer notifications from PPL as to the customer's options. This approach fulfills the intended purpose of the SOP which is to expose the customer to the retail energy market and then allow the

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<sup>4</sup> It must be noted that SOP customers who take affirmative action such as re-enrolling with their current supplier or switching to another supplier as their contract comes to an end will not be returned to default service. Also, customers who are transferred to default service will be able to re-enroll in SOP at any time or to shop with a supplier outside of SOP. PPL St. 4 at 15-16.

customer's experience to inform the customer's future actions. The extremely high prices that PPL discovered for customers who remained with their SOP supplier in a renewal contract cannot be justified and, if not prevented, will harm PPL's reputation as well as that of the retail energy market generally.

OCA St. 2 at 3-4.

From the data presented by PPL, it is clear that customers are experiencing higher prices at the end of the SOP term. Rather than provide a positive experience with the retail market and inform customers of the benefits of shopping, the outcome at the end of customers' SOP contracts has been the opposite. PPL's efforts will better assist in educating and protecting customers as the end of their SOP term approaches.

C. EGS Opposition to PPL's Proposals and OCA Response

In their Briefs, EGS Parties and Starion Energy oppose both of PPL's SOP proposals. With respect to the Company's proposal to communicate with SOP customers prior to the end of their SOP contract, these parties variously characterize PPL's proposed education effort as a "winback campaign"<sup>5</sup> to default service, as creating "the misimpression that PPL's default service is superior,"<sup>6</sup> and "almost certainly would entail PPL seeking to convince the customer ... to return to default service."<sup>7</sup> The OCA submits that there is nothing in the record of this proceeding to support these characterizations. PPL has not disclosed the content of its proposed communications with customers and as a result, any attempt to so characterize these communications is purely speculative. Moreover, to the extent these characterizations imply that a competitive motive underlies PPL's communication and education proposal, it is important to recognize that PPL does not profit from default service and therefore has no incentive to market that service to its customers. The Starion and EGS Parties' objections to PPL's proposal to communicate with SOP

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<sup>5</sup> Starion M.B. at 23

<sup>6</sup> *Id.*

<sup>7</sup> EGS Parties' M.B. at 14

customers prior to the end of their SOP contract lack merit and should be rejected.

Starion asserts that the Commission lacks authority to approve PPL's proposal that SOP customers who take no action at the end of their SOP contract be returned to default service because it has no authority to regulate generation pricing under the Public Utility Code. Starion M.B. at 12-16. The OCA fails to see how PPL's proposal for returning inactive SOP customers to default service involves generation pricing. Rather, what PPL proposes constitutes a rule applicable to the operation of PPL's SOP. It does not bear on the prices charged under SOP. As PPL states in its Brief, "The SOP is not established by statute, and there are no regulations mandating the terms of the SOP." PPL M.B. at 19. The SOP is therefore an entirely Commission-created program and the OCA submits that as such, it is well within the Commission's authority to establish SOP rules that are designed to protect participants in the program.

Starion further asserts that the automatic return to default service of SOP customers who fail to take action at the expiration of their SOP contract amounts to an exercise of the illegal procedure known as "slamming," the switching of a customer's generation supplier without the customer's consent. Starion M.B. at 16-18. What PPL is proposing, however would not be slamming. PPL is proposing a program rule regarding the return to default service in the absence of action taken at the end of the SOP contract. This program rule would be disclosed to a prospective SOP customer at the time of enrollment. Under these circumstances, the return of a SOP customer to default service would not constitute slamming.

Both Starion and EGS Parties express concern for the future of PPL's SOP if the Commission adopts PPL's proposed changes for the program. For example, Starion asserts that approval of PPL's proposals "could very well lead to the end of SOP for consumers in PPL's service territory." Starion M.B. at 10. It further states that if PPL's proposals are adopted, "there

is significant risk that EGSs will elect not to participate in the future.” Id. at 10. For its part, EGS Parties state that returning SOP customers to default service automatically at the end of their SOP contract term “would undermine or even destroy” PPL’s SOP. EGS Parties’ St. 1 at 17.

The OCA acknowledges these concerns on the part of Starion and the EGS Parties. At the same time, the OCA submits that the Commission should recognize equal concern for the state of customer shopping if customers who voluntarily enroll in a Commission approved SOP are exposed to prices above, and in some cases well above, the PTC at the end of the SOP contract. The SOP was created as a means of introducing customers who have not shopped for their generation supply to the competitive market with the hope that their experience in SOP will lead them to further explore the market at the end of their SOP contract. However, a negative experience through significant, unanticipated price increases at the end of their contract will certainly dampen interest in future shopping.

The various objections of Starion and the EGS Parties to PPL’s SOP proposals do not overcome the persuasive case made by PPL on behalf of its proposals and these objections should be given little weight.

#### D. Conclusion

The evidence presented by PPL in this case regarding the high prices paid by customers who remain with their SOP supplier at the end of their SOP contract, and the significant percentage of SOP customers who find themselves in this situation is compelling. The OCA submits that in the face of that evidence, the SOP reforms proposed by PPL are essential consumer protection measures that should be approved by the Commission and implemented by PPL.

#### IV. CONCLUSION

The OCA supports the proposals put forward by PPL in this proceeding with respect to CAP shopping and reform of the SOP. With respect to CAP Shopping, the OCA supports PPL's plan to require that all CAP customers be served under default service, albeit with certain modifications for CAP-eligible customers who are on existing EGS contracts and do not cancel those contracts within the allotted time and relief from termination and cancellation fees for customers who do cancel their contracts. PPL's default service requirement will be beneficial to CAP customers and will limit additional amounts paid to support CAP by all residential customers. With respect to PPL's SOP reforms, the OCA submits that the changes proposed by PPL are needed to protect SOP customers who take no action at the end of their SOP contract from being subject to excessive and harmful prices imposed by their SOP supplier. The OCA urges the Commission to approve the proposals made by PPL, subject to the modifications recommended by the OCA.

Respectfully Submitted,

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